

# AGENCY-WIDE POLICY AND STRATEGY IMPLEMENTATION

## Policy Directive on

### Agency-wide Policy and Strategy Implementation

July 11, 2011

---

#### BACKGROUND

In August 2010, the Administrator approved a new system for formulating Agency-wide policies and strategies<sup>1</sup>, as guidance to USAID field missions in shaping Country Development Cooperation Strategies<sup>2</sup> and programs. The system is based on small, PPL-led Policy Task Teams (PTTs) combined with extensive Agency-wide consultations. It is designed to deliver high-quality, evidence-based policies and strategies.

These policies and strategies convey the vision of the Agency's leadership and, in some cases, make Agency commitments to the public, Congress, and other stakeholders. As such, it is important that they be relevant and useful to field programming and that they make *an operational difference in our development programs*.

**Policy or Strategy?** Both policies and strategies issued by the Administrator set expectations for programming priorities and approaches; however, strategies are inherently about achieving specific goals or objectives, and therefore, have more direct impact on resource allocation.

To do this, an effective process for implementation and progress review for PTT-produced policies and strategies is needed to establish norms for headquarters and field collaboration at all stages of strategy and program design and management. An effective process should address the following objectives:

- Link closely to USAID Forward's **internal reforms** and the Joint State-USAID streamlining efforts to **minimize administrative burden** on missions for **improved operational effectiveness**;
- Ensure that **Washington and mission viewpoints, including regional and technical bureau perspectives**, are fully represented in the implementation decision-making process;
- Allow **technical, political, and other considerations** to be articulated and considered, primarily through the strategic planning and program design process;
- **Clarify the roles and responsibilities** of the organizational players; and
- Provide for **elevation of issues to senior leadership** if no consensus can be reached at the working level.

---

<sup>1</sup> This policy directive refers to Agency-wide program policies and strategies which serve as programming guidance to the field. For ease of reading, we use the term "policies" to refer to development program policies, not management or operational policies of the Agency.

<sup>2</sup> This guidance applies equally to both Country Development Cooperation Strategies (CDCSs) and Regional Development Cooperation Strategies (RDCSs); for ease of reading, only the first term is used.

# AGENCY-WIDE POLICY AND STRATEGY IMPLEMENTATION

## KEY CONSIDERATIONS

To manage expectations of all stakeholders, a strategy and policy implementation process must also address and attempt to resolve several **key considerations**:

- **Balancing top-down and bottom-up planning:** A constructive tension exists between decentralized, mission-led strategic planning and a centralized, Washington-led process of setting strategic priorities for our development programs—especially when Agency priorities are interagency in nature or expressed through global, quantitative targets. An effective implementation process for Agency-level, PTT-produced policies and strategies must strike the right balance to meet corporate-wide goals and bring research evidence and best practices to the field, while affording missions the space to help shape new policies and design strategic programs that are appropriate for local conditions and reflect partner-country priorities.
- **Defining “alignment”:** Alignment—or adoption of strategic guidance in operating unit programs—ensures that USAID strategies and programs at the country and regional levels reflect principles, standards, and practices, promulgated in PTT-produced policies and strategies. It does not mean that a country (or region) *must* have programming in all areas for which strategies or policies exist, but it does mean that if a country or regional strategy has a goal or development objective in a given sector, its strategy and programming in that sector should be aligned with the goals of the most current Agency strategy--*unless otherwise agreed between the field and headquarters.*
- **Managing the costs and constraints of alignment:** Policy and strategy implementation is complicated by a number of realities, including the programming cycle, pre-existing commitments to partner countries, rigidities in contracting, life-of-project status, and political considerations. There may be political, staffing or financial costs to bringing programming into alignment with new policies and strategies. Technical assistance may be necessary, and negotiations may be needed to communicate the policy shift to the partner country or to encourage a new division of labor with other donors and development partners. In short, alignment cannot be instantaneous or uniform, and it often carries costs which must be managed.
- **Quantifying Agency targets in strategies or policies:** Quantitative “targets” in Agency policies or strategies should be regarded as projections of expected impact, rather than as an *ex-ante* global quota toward which individual countries or regions must contribute. Quantitative targets reflect the expectation that if the focus, good practices, standards, and principles of Agency policies and strategies are applied, the Agency’s development impact will be magnified and the Agency will achieve its targeted impact over time.
- **Roles and responsibilities:** Effective implementation of new Agency policies or strategies will only occur if the field and Washington collaborate closely, and if relevant operating units at headquarters adopt an ethic of shared responsibility for success, but with clear and reasonable operating unit accountability.

# AGENCY-WIDE POLICY AND STRATEGY IMPLEMENTATION

## **ALIGNMENT PROCESS**

Based on the considerations above, this policy sets out the following process for alignment decision-making, possible alignment outcomes, key alignment “checkpoints”, and roles for implementing PTT-produced policies and strategies:

### ***Alignment Decision-making***

The process of aligning new Agency-level policies and strategies produced through the PTT process with country and regional strategies and programs should follow the steps below:

1. In the Agency strategy or policy formulation process, the PTT will identify the broad criteria for alignment, as well as the regions/countries/missions that are most likely to be affected by the new strategy. They will document this information in a baseline review to provide a global snapshot of current levels of programmatic alignment.
2. With the implications of the baseline review known in advance, an Agency-wide strategy or policy will be discussed at senior levels with the Administrator before being finalized, approved, and launched. Specifically, in the Bureau-heads review chaired by the Administrator or Deputy Administrator, specific discussions will be held on which countries will implement the new strategy upon approval and which will need to pursue any exceptions through the identified process (see Tab A).
3. Where *alignment presents no issues*, missions will move forward with incorporating the guidance in their CDCSs or projects through the normal programming process.

For new or existing country/regional strategies and programs *for which alignment is an issue*:

4. The relevant technical unit (pillar bureau or independent office) will work with the regional bureaus to analyze and report in greater detail the alignment status of a country or regional portfolio, country by country.
5. Regional bureaus, using the PTT criteria and alignment analysis, will facilitate a policy dialogue between USAID/W and the mission or operating unit on the timing and extent of alignment, as well as any strategy or project amendments or budget reallocations that may be required to facilitate alignment.
6. At the end of this policy dialogue, the pillar and regional bureaus jointly make a determination on the terms of alignment and basis for exceptions for non-aligned programs, projects, and/or major procurements on a case-by-case basis. If consensus is not reached at the AA level, the issue should be elevated to the Administrator or Deputy Administrator level for decision. The Administrator may delegate decisions on granting exceptions to the Deputy Administrator or the Assistant to the Administrator of PPL for activities with a remaining life of project under \$25 million.

## AGENCY-WIDE POLICY AND STRATEGY IMPLEMENTATION

7. Technical assistance to facilitate alignment will be provided to the missions, and regional and technical bureaus will provide ongoing monitoring to ensure that alignment is completed and data on progress toward achieving Agency targets is aggregated.

### ***Alignment Outcomes***

Missions are expected to align their programmatic activities with Agency-wide policies or strategies, but will have flexibility to propose the degree of and timing for implementation, based on consultations with Washington. In general, missions' alignment determinations will fall under two broad categories:

1. Full alignment: Existing mission programmatic activities already align with new Agency policy and strategies or can be brought into alignment within a year at affordable cost.
2. Partial or non-alignment: If a Mission determines it cannot align with the strategic guidance, it will be expected to articulate a clear rationale to headquarters. Illustrative reasons for partial or non-alignment include:
  - a. Programs that are in the last 12-18 months of their life may be "grandfathered", but follow-on activities should be redirected towards the new guidance;
  - b. Programs approved within the previous 12-24 months as part of a CDCS;
  - c. Programs with overriding aid effectiveness impact (such as critical host country priorities, use of host country systems, or donor division of labor);
  - d. Programs supporting broader national security goals; and
  - e. Programs representing broad Congressional interests.

### ***Alignment Checkpoints***

While Missions are expected to stay current on important changes in the Agency's strategic direction, the alignment process will primarily take place at three "checkpoints" along the programming life cycle:

- ❖ **PTT**: As part of the existing PPL-led Policy Task Team (PTT) process, PTTs will develop alignment criteria and conduct a baseline review to identify the countries and programs that are most likely to be affected by the new strategy or policy, providing a "global snapshot" of where Agency programs are before a strategy is approved. Using the alignment criteria, the review will (1) identify the missions/operating units most likely to be affected by the strategy or policy; (2) describe in general terms what alignment would entail for those missions/operating units; and/or (3) identify country programs where implementation of the strategy or policy will not be possible in the near-term. Upon issuance of a new Agency strategy or policy, each operating unit will then confirm its position on implementation and seek any needed exception from Washington. Where applicable, PTTs may also need to identify data collection and evaluation requirements as part of the implementation plan and submit these requirements to the streamlining governance process for endorsement.

## AGENCY-WIDE POLICY AND STRATEGY IMPLEMENTATION

- ❖ **CDCS:** The Agency’s recently established Country Development Cooperation Strategy process—mandated for all missions—is the first and highest-level vehicle for defining strategic goals and development objectives for a country or region. It produces a results framework that acts as a strategic envelope for existing and new Agency policies and strategies. Wherever strategic choices made in the CDCS are affected by new Agency-wide policies and strategies, there must be an examination of alignment status and prospects. Ideally, such issues will be raised in the CDCS parameters guidance and be the subject of field-headquarters dialogue well in advance of the arrival of the CDCS in Washington.
- ❖ **Washington Program Performance Review:** A cross-agency team is developing a proposal to ensure effective performance reviews between Washington and the field that will leverage and strengthen existing planning and reporting processes. This proposal is expected to identify the need for a periodic structured dialogue at a senior level between USAID headquarters and field missions around strategic issues of program implementation, based on the approved CDCS and policy/strategy alignment. This proposal will be submitted to the Streamlining Governance Committee to ensure consistency with streamlining considerations.

In addition, the Annual Program and Operational Budget preparation process caps regular planning and reporting processes. It represents a key venue for understanding the linkages between strategic guidance, country programming and results achievement. As such, alignment with both overarching guidance and sectoral goals may be factored into difficult resource allocation trade-off decisions in the budget process.

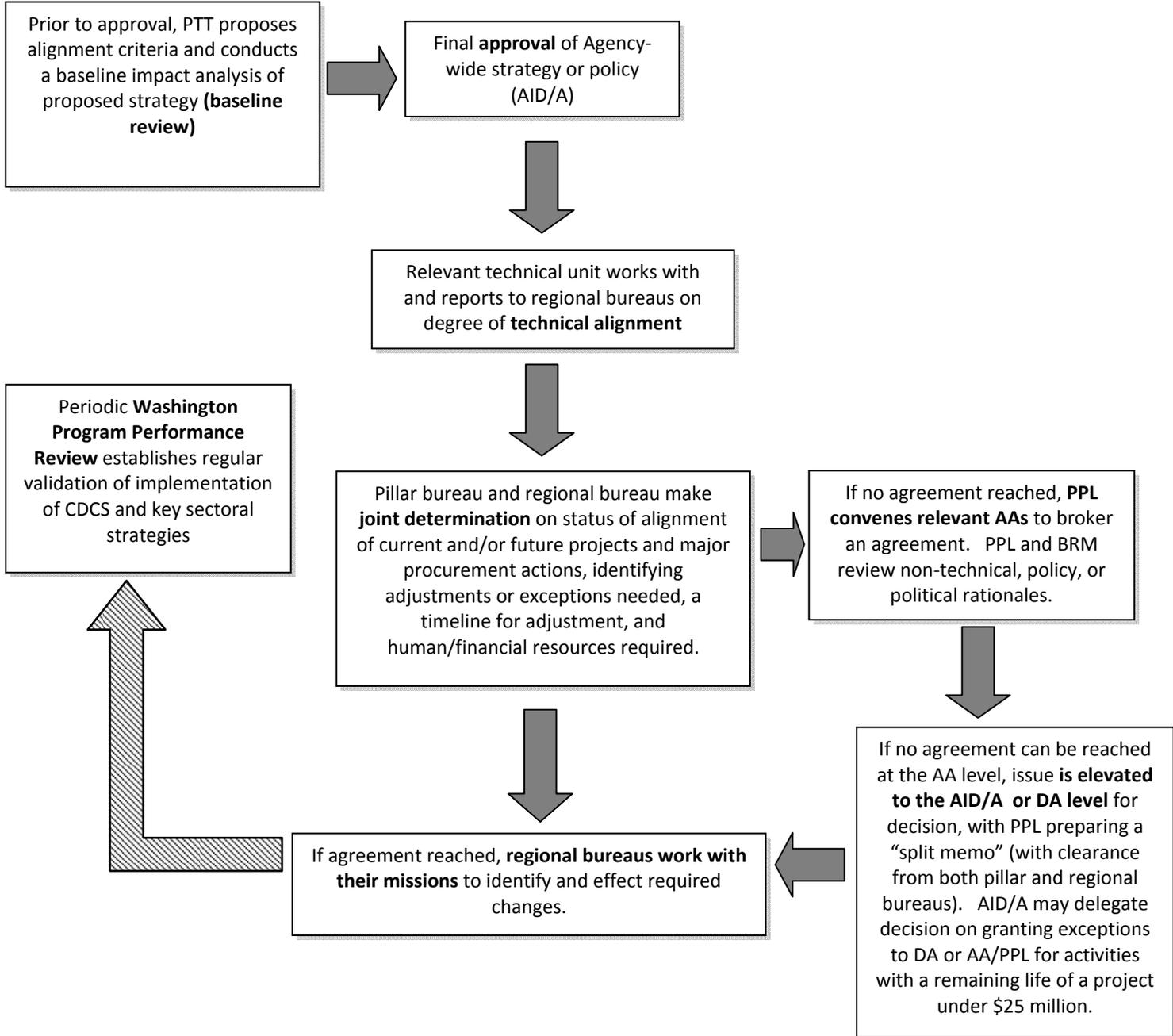
Finally, as the timing of Agency policy and strategy implementation needs to be well synchronized with new CDCS implementation, and program review vehicles may not be synchronized with the field’s need to make timely decisions about program direction (e.g., new projects, project extensions, or major procurements), it will be *important for missions facing such decisions to consult with Washington if such decisions will affect strategic directions*. Regional Bureaus will hold their missions accountable in this regard.

### ***Roles and Responsibilities***

Much of the success of the Agency’s policy and strategy implementation and review process will depend on the clarity of roles and responsibilities and the commitment of staff to carrying them collaboratively. The process is grounded in the principle that the ultimate fiscal and managerial *accountability* for program achievement resides with the field missions, but corporate *responsibility* for program success--based on achieving the targeted development impact--is shared across the Agency by regional, pillar and central bureaus. Individual performance towards helping to meet new Agency strategy or policy goals—at all levels, but especially at the senior manager level—should be reflected in annual performance reviews. See Attachment B for a description of the roles and responsibilities of key operating units within this process.

\* \* \* \* \*

**THE EXCEPTIONS PROCESS**



**Exceptions Process Timeline:**

*Missions should complete their assessment of alignment and initiate any request for an exception no later than 90 days following the issuance of a new Agency-wide policy or strategy. Headquarters will complete the exception decision process within 30 days of receipt of an exception request.*

# AGENCY-WIDE POLICY AND STRATEGY IMPLEMENTATION

## Attachment B

### *Roles and Responsibilities for Implementation*

**Field Missions.** Under the Agency policy and strategy implementation process proposed here, missions and operating units are responsible for:

- Taking new Agency policies and strategies into account during the CDCS process, determining whether to integrate them into their strategic plan (in coordination with Regional Bureaus), then applying them to program design, monitoring progress, marshaling the human, financial and technical resources needed to deliver results, measuring outcomes and impact, and identifying and sharing lessons learned;
- Coordinating with Regional and Technical Bureaus to implement appropriate impact evaluations;
- Undertaking CDCS and Mission/OU Program Reviews, in coordination with USAID/W; and
- Participating in a dialogue with regional and pillar bureaus in AID/W about the terms of alignment and for implementing the agreed upon approach.

**Regional Bureaus.** The regional bureau is the key link with field missions, providing leadership, coordinating strategic planning, performance management and reporting, developing budget justifications, and coordinating Program Reviews. USAID mission directors report to, are held accountable by, and are professionally assessed by, their regional AA; primary accountability in Washington for strategy or policy implementation must reside with the regional AAs.

The regional bureaus are responsible for:

- Collating and aggregating country-level and regional data on results achieved and facilitating communication with field missions in the dialogue with pillar and central bureaus about alignment of Agency policies and strategies with country and regional strategies and programs;
- Engaging with field missions to reach agreement on program transition or exception using the established criteria;
- Ensuring that new strategies or policies are “owned” by their field missions, and that critical results and impact data flow back to headquarters through agreed-upon vehicles including annual performance reports; and
- Hosting periodic Washington Program Reviews at least once every three years.

**Pillar Bureaus.** The pillar bureaus (including those managing Presidential Initiatives) were established to serve as centers of technical excellence and leadership for AID/W, the field missions and external partners. Each pillar bureau has a unique role but they share the common roles of advancing policy, strategy and program excellence through shared research, providing

## AGENCY-WIDE POLICY AND STRATEGY IMPLEMENTATION

technical assistance and transmission of best practices, and advancing technical professionalization through training in core competencies and dissemination of tools, among others. Their shared, ultimate objective is achieving targeted results that advance Agency goals.

Under the proposed process, pillar bureaus are responsible for:

- Working with regional bureaus, applying the PTT-proposed alignment criteria to be used in technical determinations of alignment or non-alignment;
- Undertaking the technical review of progress toward achieving results targeted by Agency strategies and communicating technical assessment findings to the relevant regional bureau;
- Aggregating and analyzing data related to achievement of global impact targets, in close collaboration with regional bureaus; and
- Translating technical results from field data and other research efforts into lessons learned and best practice knowledge for the technical cadre they lead and for the Agency as a whole.

*Until otherwise decided, the Presidential Initiatives Bureaus will continue to support field programming and performance monitoring using the processes designed for their unique, inter-agency nature.*

**Bureau of Policy, Planning and Learning.** PPL supports the Administrator and the Agency in the formulation and dissemination of Agency-wide policies and strategies, including the design and implementation of new strategies and programs including results frameworks and performance indicators. The bureau's leadership of the Policy Task Team process ensures a consistent, inclusive and efficient approach to policy formulation and implementation. PPL also leads the Agency in the CDCS process, and provide broad Agency support for improving evaluation, knowledge management, and the use of S&T innovations for development.

Under the proposed implementation process, PPL is responsible for:

- Continuing to manage the policy- and strategy-formulation process;
- Exercising oversight of the overall implementation process;
- Ensuring that new strategies and programs designed through the CDCS process comply with USG and Agency guidance, are of the highest quality, reflect best practices and will achieve strategic results through support to Regional Bureaus and field missions;
- Serving as the "neutral arbiter" to ensure resolution of alignment decisions that are disputed during the policy or strategy implementation process or analysis around which regional bureaus and pillar bureaus cannot come to consensus; and

## AGENCY-WIDE POLICY AND STRATEGY IMPLEMENTATION

- Reporting to the Administrator the status of policy and strategy implementation.

**Office of Budget and Resources Management.** BRM leads the Agency program budget formulation process for the Administrator, ensuring appropriate prioritizing of Administration interests and resourcing of critical strategic efforts. In this, BRM works in close collaboration with the Agency Front Office, PPL, Bureau Program Offices, and the F Bureau at the Department of State.

Under the proposed implementation process, BRM is responsible for serving along with PPL as a “neutral arbiter” in resolving disputes that arise through the alignment/exceptions process, especially as they relate to resource prioritization and allocation.

**Bureau for Management.** M formulates and executes the Agency’s operating expense (OE) budget, in close coordination with, and clearance through BRM, ensuring appropriate alignment of operational resources for implementation of programmatic and Administration priorities. The Bureau works in close collaboration with PPL, BRM, Bureau and Pillar Program Offices, as well as the Office of the Director of Foreign Assistance at the Department of State, to support the Agency’s central performance responsibility

Under the proposed implementation process, M is responsible for serving along with PPL for monitoring progress towards achieving planned results.